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March 16, 2021

House Committee on Economic Recovery and Prosperity  
Oregon State Capitol  
900 Court Street NE  
Salem, OR 97301

**RE: Testimony regarding House Bill 3040 and -1 Amendment**

Chair Lively, Vice-Chairs Cate and Kropf, & Members of the Committee:

The City of Sherwood is writing to express opposition HB 3040 with the -1 amendment. While it is our understanding that the intent of the legislation is to support affordable housing, the proposed changes not only do not accomplish that, they will potentially make it more costly due to increased costs to administer the program and/or undermine the ability of communities to provide necessary infrastructure to support growth and development.

**Critical and Transparent**

System Development Charges are a critical funding stream for cities like Sherwood to ensure that there is adequate infrastructure capacity for all new development in the city limits. The development of the SDC methodology is completed consistent with state laws on public notice and public hearings. [Our SDC webpage](#) has the charges and the SDC methodology reports accessible to be easily viewed by anyone.

Some of the increased transparency measures in this -1 amendment are not only unnecessary, they are unworkable as written. For example, the extra work of placing each charge on the website every-time an SDC is paid is exceptionally burdensome and it is unclear what the intent is for this requirement. The person paying the fee already has paid it and knows what they have paid, so it is not clear how posting what a project has paid is beneficial. The requirement to state how revenues would be spent is not workable because, in most cases, SDC's from multiple projects must be accumulated to get sufficient funding for any specific project. Multiple projects are being planned at various stages at any given time so there is not way to tie a specific payment to a specific project. The Capital Improvement Program (CIP) provides the list of projected intended to be funded by the City over a 5+ year period already and already provides the information

that is looks like this legislation is attempting to provide, without the burden and added complexity outlined in the legislation.

### **Delayed Payments**

The proposed language delaying when SDC's would need to be paid would be very problematic for jurisdictions to implement and, we believe, unnecessary. Cities do not have any role in the closing procedure and it is not clear how we would be able to insert ourselves into the process to ensure that payment is made with closing costs.

In addition to being unworkable, we do not believe it will result in significant cost savings for developers or home buyers. On the local government handout, you can see the savings for the developer of a delayed payment from permitting to certificate of occupancy or closing would be miniscule. Even for a relatively large Sherwood development the savings was calculated at only 00.1%. Even if those savings could reduce the home price, there is nothing to require the costs savings be passed on to the buyer to reduce the cost of the home. It could also require increased staff time and updated software to implement, increasing the costs to local governments administering the SDCs.

### **Study**

We've wanted to look at the cost drivers of housing and development for years and would be supportive of a study, but it should be far more comprehensive than just studying SDCs. We need to look at the full picture of development costs to determine what should be changed in the future.

Please do not make significant changes to the SDC system this session. Instead we encourage you look at a comprehensive study that can help shape any future changes to reduce costs for housing. We appreciate the opportunity to provide comments and urge you to table this bill.

Sincerely,



Tim Rosener  
Council President